



# nerej

## **2014 has shown encouraging signs for our economy here in Connecticut**

February 20, 2014 - Connecticut

2014 has shown encouraging signs for our economy here in Connecticut. Indications of relief from the recession are finally beginning to show through economic indicators such as consumer confidence and retail sales, which have gained a great deal of momentum since the third quarter of last year, and have continued to remain steady year-to-date.

This recession has been more structural than those in years past - meaning that most of the jobs that were lost will not return as the jobs they once were during the recovery. With advancements in technology, the manufacturing oriented jobs that may have carried the stigma of being "dirty jobs" have become less the norm. The manufacturing operations of today are more likely to fall under the category of "advanced manufacturing."

By definition, advanced manufacturing is considered to be "a family of activities that (a) depend on the use and coordination of information, automation, computation, software, sensing, and networking, and/or (b) make use of cutting edge materials and emerging capabilities enabled by the physical and biological sciences. This involves both new ways to manufacture existing products, and especially the manufacture of new products emerging from new advanced technologies."

This focus on advanced manufacturing calls for a labor force that is educated and trained in the STEM disciplines: science, technology, engineering and mathematics.

With these sorts of fundamental shifts occurring, many companies are focusing on restructuring their business models with an emphasis on prioritizing investment of resources in order to incorporate new lean business practices and align them with shifting consumer behavior.

For many businesses, this means establishing a quality web presence that can address the increasing percentage of online purchases. As the 2013 fourth quarter retail e-commerce sales from the U.S. Department of Commerce are scheduled to be released late February, the third quarter reports showed that we were heading into the holiday season with a strong possibility of 2013 being a record year for online spending with \$67 billion being the estimate for sales; reflecting an increase of 3.6% from the second quarter. This also represents a 17% increase from the third quarter of 2012.

As a result of increased online purchasing, companies are beginning to keep less inventory on-site in brick and mortar retail centers and are beginning to acquire land and build industrial facilities to serve as fulfillment centers that can produce and/or ship a purchase order to the consumer within one to two business days - (cue the "we don't have any more in stock here, but I can check online and have it shipped to you?" response from the store sales rep). So with a greater focus on logistic efficiency, the cliché -location, location, location- remains the same and serves Connecticut well.

Companies like Dollar Tree and Amazon have already built, or are building, fulfillment centers of 1 million+ s/f in Connecticut in response to the evolution of consumer purchasing behavior.

Here at CERC, I've experienced an increase in requests from site selection consultants and corporate real estate executives inquiring about available industrial zoned acreage suitable for the development of these types of facilities - anywhere from 300,000 to 1 million s/f and above for the purposes of being within a day's proximity of their consumer base.

Connecticut is geographically positioned and increasingly being considered as a viable means to accomplish two needs for growing companies, both domestic and internationally. As the southern most state in New England, Connecticut's location can be a gateway to companies serving New England and Canadian economies. At the same time, Connecticut's Fairfield County acts as a suburb of sorts to New York City for a markedly lower price. As we look ahead, we expect to see these trends to continue and flourish.

The Connecticut Economic Resource Center, Inc. (CERC), is a nonprofit corporation and public-private partnership that provides economic development services consistent with state strategies, leveraging Connecticut's unique advantages as a premier business location. CERC has developed and manages CERC SiteFinder, Connecticut's local source for free commercial real estate and demographic data to help businesses analyze a potential investment. Learn more at [CTSiteFinder.com](http://CTSiteFinder.com) and follow us @CERCSiteFinder.

Erron Smith is program manager, real estate, for Connecticut Economic Resource Center, Inc. (CERC), Rocky Hill, Conn.